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THE GILLETTE COMPANY



ANNUAL REPORT 1963

1963 ANNUAL REPORT

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Annual Meeting, March 19, 1964
EXECUTIVE OFFICES
GILLETTE PARK
Boston, Massachusetts 02106

LETTER TO STOCKHOLDERS

To the Stockholders:

Net sales of The Gillette Company in 1963 were at the highest level in the history of the Company, making this the fifth consecutive year in which a new mark was set. Net earnings, however, declined from the record high of the previous year.

Net sales for 1963 were \$295,700,000, compared with \$276,159,000 in 1962, an increase of 7 per cent. Net earnings after taxes were \$41,545,000, or \$1.47 per share, compared with 1962 earnings of \$45,274,000, or \$1.60 per share.

The Company continued for the 58th year its uninterrupted payment of cash dividends on its common stock. Dividend payments in 1963 represented 82 per cent of the net earnings of the Company and totaled \$33,908,000, or \$1.20 per share, including an extra of \$.10 per share. This compares with dividend payments of \$33,794,000, or \$1.20 per share in 1962 and \$30,896,000, or \$1.10 per share in 1961.

The reduction in net earnings resulted principally from higher manufacturing costs, increased competition in the razor blade business in the United States and certain foreign countries, together with increased expenses for promotion and advertising. Some of these adverse factors will no doubt continue to influence net earnings in 1964. However, we believe that their effect can be expected to become less significant as the year progresses.

During the past year, there has been much speculation as to why we were not the first company to market a treated stainless steel blade, particularly since it was our own research which resulted in the discoveries that adherent coatings of certain materials on the cutting edges of razor blades, made either of carbon steel or of stainless steel, materially improved the shaving qualities of those blades.

When we developed the treated Super Blue Blade several years ago, we realized that this would open new opportunities for further improvements in blades, not only to ourselves, but to our competitors as soon as we marketed that product. We, therefore, put additional emphasis on our continuing research and development work.

We have always felt clear, however, that our position as the leading razor blade manufacturer demanded that we not market any new blade under the Gillette name until we had the production facilities, processes and controls which would ensure that the new blade would have the uniformly high quality the public has come to expect from our products.

There is no question in our minds that the time taken to achieve these objectives has been well spent and has enhanced the long-run strength of the Company. The stainless steel blade we are now marketing, both in the United States and abroad, is in free supply and is proving itself in every test fully up to Gillette standards. It is the best stainless steel blade on the market and we believe the public is recognizing this quality as it always has in the past.

The Company's principal manufacturing divisions and subsidiaries in the United States continued to maintain strong market positions during 1963. The Gillette Safety Razor Company, with sales volume about the same as last year, completed the successful introduction of its new stainless steel blade and by year-end it was outselling all competitive stainless double edge blades combined.

Sales and profits of The Toni Company again showed gains over the previous year and established all-time records with the introduction of several new products. Paper Mate maintained its leadership position and still remains the number one brand of ball point pens in terms of dollar sales. Sterilon Corporation, our medical supply operation in the United States, experienced increased sales during the year but made no contribution to the Company's earnings.

Our operations abroad once more contributed substantially to the earnings of the Company and also enjoyed increased sales. However, earnings were adversely affected by a combination of factors, including increased stainless steel blade competition in certain markets, higher operating costs in various locations, continued deterioration of exchange rates, higher taxes, particularly in Latin America, and restrictions of varying severity in the granting of import licenses.

During 1963 we made a basic change in our method of reporting foreign income which, however, has had a negligible effect on this year's net income and its comparability with prior years. Net income in 1963 is reported on a fully consolidated basis, whereas in prior years the Company's policy had been to include foreign income only to the extent realized in U. S. dollars. Exceptions to the previous policy were made in prior years which resulted in the inclusion of certain foreign income retained

abroad for permanent investment. Rather than continue to make exceptions to the previous policy from time to time when it would appear advantageous to retain such earnings abroad, the new reporting policy was adopted. (See note 1 to Notes to Financial Statements.)

In 1963 major segments of the Company's world-wide plant expansion and modernization program were concluded. In the United States, the Gillette Safety Razor Company completed its new multi-million-dollar Boston factory addition, which contains the world's largest and most efficient blade manufacturing facilities, while in the United Kingdom an extensive renovation and expansion program in two of our plants was largely accomplished.

We are continuing to put great emphasis on research and development in all divisions of the Company, as well as at the corporate level, and we are pleased with the progress being made by our strong, well-integrated research effort.

Cecil F. Abderhalden, Vice President, Director, and for the last five years Managing Director of Gillette Industries Limited, will retire in March and, as a result, will not stand for re-election to the Board at the Annual Meeting. On behalf of the entire organization, we wish to express our sincere appreciation to Mr. Abderhalden for his devoted and energetic service to the Company over the last thirty-five years, and for his many significant contributions to the great growth of the Company's business in the Eastern Hemisphere over that period.

We feel that with an organization such as ours, increased competition serves to strengthen us and make us better able to meet future challenges of all kinds. Supported by the enthusiasm and skill of the thousands of Gillette people around the world, and guided by a vigorous and young management team, we are certain that The Gillette Company will continue to grow and make important advances during 1964.

CARL J. GILBERT

Chairman of the Board

BOONE GROSS

President

February 20, 1964

The Gillette Company and Subsidiary Companies

Summary of Financial Operations and Financial Position

| | Year 1963 | Year 1962 | Per Cent Change |
|---|----------------------|----------------------|--------------------------|
| FINANCIAL OPERATIONS: | | | |
| Net sales | \$295,700,000 | \$276,159,000 | + 7 |
| Cost of operations | 210,384,000 | 184,793,000 | +14 |
| | <u>85,316,000</u> | <u>91,366,000</u> | - 7 |
| Other income — net | <u>629,000</u> | <u>1,165,000</u> | |
| Net income before estimated income taxes | 85,945,000 | 92,531,000 | - 7 |
| Estimated U. S. and foreign income taxes | 44,400,000 | 47,400,000 | - 6 |
| | <u>41,545,000</u> | <u>45,131,000</u> | |
| Adjustment of foreign earnings | — | 143,000 | |
| Net income | <u>\$ 41,545,000</u> | <u>\$ 45,274,000</u> | - 8 |
| Earnings per share of common stock | <u>\$ 1.47</u> | <u>\$ 1.60</u> | - 8 |
| Earnings after taxes: | | <i>Per Cent</i> | <i>Per Cent</i> |
| U. S. and Canada | \$ 28,988,000 | 70 | \$ 30,832,000 68 |
| Foreign | 12,557,000 | 30 | 14,442,000 32 |
| Total | <u>\$ 41,545,000</u> | <u>100</u> | <u>\$ 45,274,000 100</u> |
| Provision for income taxes per share of common stock | <u>\$ 1.57</u> | <u>\$ 1.68</u> | |
| YEAR END FINANCIAL POSITION: | | | |
| Current assets | \$104,406,000 | \$100,984,000 | + 3 |
| Current liabilities | 52,909,000 | 48,071,000 | +10 |
| Working capital | <u>\$ 51,497,000</u> | <u>\$ 52,913,000</u> | - 3 |
| Fixed assets — less reserves | <u>\$ 69,751,000</u> | <u>\$ 60,389,000</u> | +16 |

DIRECTORS

CECIL F. ABDERHALDEN

*General Manager, International Division I,
The Gillette Company*

CHARLES F. ADAMS

President, Raytheon Company

O. KELLEY ANDERSON

*President, New England Mutual
Life Insurance Company*

LLOYD D. BRACE

Chairman, The First National Bank of Boston

IRVING A. DUFFY

Vice President, Ford Motor Company

CARL J. GILBERT

Chairman, The Gillette Company

BOONE GROSS

President, The Gillette Company

STUART K. HENSLEY

President, The Toni Company

RAPLH LAZARUS

President, Federated Department Stores, Inc.

CHARLES A. MEYER

Vice President, Sears, Roebuck and Co.

JOHN M. MEYER, JR.

*Executive Vice President,
Morgan Guaranty Trust Company of New York*

ROBERT D. MURPHY

President, Corning Glass International, S.A.

ADRIAN O'KEEFFE

President, First National Stores Inc.

A. CRAIG SMITH

*Vice President, Advertising,
Gillette Safety Razor Company*

MALCOLM C. STEWART

*Vice President, Administration and Finance,
The Gillette Company*

VINCENT C. ZIEGLER

President, Gillette Safety Razor Company

Vice Presidents:

Cecil F. Abderhalden

General Manager, International Division I

Milton Harris

Research

Stuart K. Hensley

President, The Toni Company

Walter Hunnewell, Jr.

General Manager, International Division II

S. Warner Pach

President, The Paper Mate Companies

PRINCIPAL

United States and Canada

Gillette Safety Razor Company (U.S.)

President, Vincent C. Ziegler

Vice Presidents:

Thomas W. Casey, *Men's Toiletries*

George O. Cutter, *Manufacturing*

W. George Gress, *Purchasing*

Stephen J. Griffin, *Assistant to the President*

Edward G. Melaugh, *Treasurer*

William G. Salatich, *Sales*

Meyer J. Shnitzler, *Research*

A. Craig Smith, *Advertising*

The Toni Company (U.S.)

President, Stuart K. Hensley

Vice Presidents:

Samuel Bearmon, *Manufacturing*

Joseph T. Lewis, *Brand Promotion*

Raymond E. Reed, *Technical Operations*

Fred L. Willis, *Marketing Development*

The Paper Mate Companies (U.S.)

President, S. Warner Pach

Vice Presidents:

Ben H. Alexander, *Manufacturing*

Robert T. Wieringa, *Sales*

Special Sales Division

General Manager, Ernest C. McInnis

Sterilon Corporation

President, Robert P. Evans

Gillette of Canada Ltd.

President, Richard S. Reuland

Harris Research Laboratories Inc. (U.S.)

President and Director of Research

Alfred E. Brown

GILLETTE COMPANY

As of December 31, 1963

Chairman, Carl J. Gilbert
President, Boone Gross

Vice Presidents: (Cont.)

Robert S. Perry
Plans and Development

A. Craig Smith
Advertising, Gillette Safety Razor Company

Malcolm C. Stewart
Treasurer

Vincent C. Ziegler
President, Gillette Safety Razor Company

Controller, Richard H. Heaton

General Counsel, Charles F. Woodard

Patent and Trademark Counsel, Philip Colman

Secretary, John L. Grandin, Jr.

Special Adviser, Public Affairs, Joseph F. Turley

Assistant Treasurers:

William F. Brackman

Mark F. Litchfield

Colman M. Mockler, Jr.

Assistant Secretary, Winifred E. Ellis

DIVISIONS AND SUBSIDIARIES

International Division I

Vice President and General Manager, Cecil F. Abderhalden

Technical Director, Continental Manufacturing, Martin Gallusser

Gillette Industries Limited (U.K.)

Managing Director, Cecil F. Abderhalden

HEADQUARTERS SERVICES DIVISION

Director in Charge, John W. Nicholson

Financial Director and Controller, Gareth K. du Pré

OVERSEAS MARKETING DIVISION

Director in Charge, Hector G. C. Graham

GILLETTE SURGICAL

Director in Charge, Paul M. Cuenin

RESEARCH LABORATORIES

Research Director, Edward A. Calnan

The Toni Company (U.K.)

A DIVISION OF GILLETTE INDUSTRIES LIMITED

Director in Charge, John E. N. Peters

Benelux, Scandinavian, African, New Zealand Sales Companies

Gillette Safety Razor Company (U.K.)

A DIVISION OF GILLETTE INDUSTRIES LIMITED

Director in Charge, Henry C. L. Garnett

Marketing Director, Alastair R. M. Sedgwick

General Manufacturing Director, Gordon H. J. Claisse

Manufacturing Director, Reading, George H. J. Robinson

Gillette France, S.A.

General Manager, John W. Runacres

Gillette Roth-Büchner G.m.b.H. (Germany)

General Manager, Bernd Burgemeister

Gillette (Italy) S.p.A.

General Manager, Ernest D. Snelling

Gillette (Switzerland) Ltd.

General Manager, Henry A. Gaze

International Division II

Vice President and General Manager, Walter Hunnewell, Jr.

Assistant General Managers

Peter F. Albi

Bernard Petre

Gillette (Australia) Pty. Ltd.

General Manager, Robert J. Sullivan

Gillette Safety Razor Company of South America (Argentina)

President, Thomas E. Singer

Gillette Safety Razor Company of Brazil

President, Donald E. Wakeman

Gillette de Colombia, S.A.

President, Robert T. Eckfeldt

Gillette de Mexico, S.A. de C.V.

President, Sydney C. Kravetz

Latin American Sales Companies

Export Manager, Nelson S. Kern

GILLETTE STAINLESS STEEL BLADES



▲ The Gillette Stainless Steel Blade, first introduced in the United States in September 1963, is made in the recently-completed Boston blade plant, and retails in six-blade and new ten-blade dispensers.

▼ The Silver Gillette Blade, which is made in the Company's plant at Isleworth near London, went on the market in the United Kingdom in November, and is sold in packets of five blades.



Progress of the Company's Business

United States and Canada

Gillette Safety Razor Division (U.S.)

While dollar sales were about the same as last year, profits from the Gillette Safety Razor Company were somewhat below those realized in 1962. The decline in profits was attributable to (1) increased competitive activity in the blade business, (2) substantial non-recurring costs in connection with the move to the Division's new manufacturing facilities, (3) a marked increase in promotion and advertising expenses, and (4) fairly heavy expenses in the sampling of new Sun Up after shave lotion and the new Gillette Stainless Steel Blade.

Consumer purchases of both Gillette razors and blades were at satisfactory levels, although somewhat lower than last year due to particularly heavy competitive promotional efforts. The year-end saw Gillette Stainless Steel Blades outselling all competitive stainless double edge blades combined. The Super Blue Blade, while feeling some of the impact of our own as well as competitive stainless steel brands, continued to be by far the largest selling razor blade in the world. 1963 Super Blue Blade purchases by consumers were within several percentage points of the record established in 1962.

In the men's toiletries area, sales were up substantially over 1962 with resulting satisfactory profit contributions. During the year Sun Up after shave lotion was introduced and moved into a contending market position. Right Guard sales accelerated significantly and it now appears to be number one in its field in over-the-counter movement, outselling any competitive manufacturer's aerosol or other type of men's deodorant. Foamy shaving cream continued to hold a leading sales position throughout the year.

The Division's building program was completed during the year and manufacturing is now proceeding in completely modern, efficient quarters. Economies resulting from this move are only now being felt and should be of considerable importance over the coming years in keeping costs at a reasonable level.

It is expected that 1964 will see the Division's position in the razor and blade field at good levels in both sales and profits. Our toiletries volume is expected to accelerate at a somewhat faster rate than heretofore, contributing a growing percentage to total sales and profits realized from the Gillette Safety Razor Company.

The Toni Division (U.S.)

During 1963 the Toni Division achieved record highs in both sales and profits.

Introduction of two new home permanent wave products, Bobbi Roller Perm and Smooth 'n Sleek Toni, further strengthened the Company's position as industry leader in this field. The new brands also helped to bring the total market to slightly over the previous year's level after a general decline that has been going on almost continuously since 1955.

The total hair spray market expanded further during 1963. Introduction of White Rain Hair Spray, combined with the continued growth of the Adorn brand, substantially improved The Toni Company's position as a leader in this product category.

Significant contributions to sales and profits also came from most of the Division's other items, which include creme rinses, shampoos, and facial cleansing and skin conditioning lotions.

During the past several years the Division has been engaged in developing and test marketing a hair coloring line for home use. During 1963 the product was on sale in about 8 per cent of the U. S. under the brand name Casual. The brand has continued to meet sales targets and in 1964 distribution will be extended to approximately 20 per cent of the country. Further market expansion or national introduction of the line will depend upon the successful attainment of test marketing goals.

The Toni Company has been aware for some time of the consumer need for a product which would safely and effectively straighten hair with excessive amounts of natural curl. This end result would enable a rather large segment of our population to gain versatility in styling their hair in the currently fashionable hair styles. Late in 1963 such a product was marketed in three areas to beauty shops specializing in hair care for Negroes. Under the brand name Sofstyle, the hair straightener is supported by five related hair care products similarly intended for professional use. Market expansion of these products will naturally depend upon successful attainment of business objectives.

In addition to Casual and Sofstyle, several other new products in the hair care and skin fields are in various stages of development in the Toni Research laboratories. Continuing emphasis on research, combined with Toni's proven marketing ability, point to further growth for this Division in the coming years.

The Paper Mate Companies (U.S.)

Profits of this Division were maintained at last year's high level in the face of significantly increased competition.

The total market for ball point pens and refills rose to a new high during the year and Paper Mate was again the leader in terms of U. S. retail dollar sales volume.

Early in 1964 Paper Mate introduced the new “\$1.95 Paper Mate Profile Trio”. The Trio consists of Slim, Regular and Husky models, providing the consumer the opportunity to pick the pen that best fits his grip.

Two new permanent display fixtures are also being introduced, a new Paper Mate Standard Showcase and a Paper Mate DeLuxe Showcase for the larger retail outlets. Both fixtures are improved versions of the original highly successful Paper Mate Showcase first presented in early 1961.

The Paper Mate Division is thus in a healthy position to strengthen further its leadership within this growing market.

Gillette of Canada Ltd.

Sales of our Canadian subsidiary continued at the high level of the previous year. Profits decreased somewhat from the record established in 1962. The Canadian company, in 1963, commenced production of Paper Mate pens, previously exported to Canada by our U. S. Paper Mate Companies. Marketing of the Gillette Stainless Steel Blade began in Canada in the latter part of 1963 and this addition to the product line has there, as elsewhere, met with favorable consumer acceptance.

International Division I

This Division, operating through Eastern Hemisphere manufacturing and sales subsidiaries, again increased sales over the previous year.

Net earnings of the Division registered a decrease from the 1962 level. Competitive activity increased and required higher merchandising expenditures. Although the rise in manufacturing costs in this area of the world has been mitigated by extensive modernization programs of the last few years, increases in wage rates continue to force up the level of these costs. Also contributing to the earnings decline was the considerable expense incurred in the preparation for large-scale production of a high-quality stainless steel blade for this Division's markets.

The new stainless steel blade, known in Eastern Hemisphere markets as the Silver Gillette Blade, was introduced in the United Kingdom in November and is meeting with highly satisfactory trade and consumer acceptance. It is being introduced in all major Continental markets during the first quarter of 1964. This blade is an important addition to the product line of the Division and in 1964 is expected to make a significant contribution to sales, earnings and the maintenance of the Company's traditionally strong competitive position in these markets.

The research, marketing, manufacturing and service organizations of this Division at all levels have been considerably strengthened in recent years and its many geographically dispersed manufacturing units expanded and modernized. Whatever trade patterns or groupings may eventually emerge, the Division is well equipped to maximize the Company's position in this area of the world.

NEW TONI PRODUCTS NOW IN TEST MARKETS

The Toni Company, like other Gillette Divisions, has long followed the practice of carefully testing its products in the laboratory as well as with consumers before introducing them to the general public.

Here are examples of two Toni product lines that are now in test markets: Casual (right foreground), a hair-coloring line for home use; and Sofstyle, a hair straightener with five related products, now being marketed in several areas to beauty shops specializing in hair care for Negroes.

Both Casual and Sofstyle have interesting possibilities, and initial trade and consumer reaction in the test areas has been favorable.

But it is still too early to predict when — if ever — these products will go into national distribution and, if distributed, what their commercial success will be.



International Division II

Once again sales and operating income of this Division, which encompasses Latin America and Australia, showed substantial increases over the previous year.

Net earnings were somewhat less than in 1962 however, due to higher tax rates and severe currency devaluation in certain Latin American countries. In the case of Brazil, for instance, these two factors combined completely eliminated the rather substantial earnings of that company from consolidated net income. Earnings of all other subsidiaries were freely remittable in 1963.

During the past year, the Super Blue Blade achieved considerably wider distribution and everywhere met with favorable acceptance. Manufacturing facilities were set up for the local production of this blade in our existing Mexican and Australian plants. The new Gillette Stainless Steel Blade was introduced in selected markets during 1963 and plans for 1964 call for its distribution on a broad scale in this Division's markets.

The Company has continued the policy adopted during 1959 of using the substantially untaxed earnings of its Panamanian subsidiary to supply in part capital funds to finance expanding foreign operations. During 1963, accumulated earnings of the Panamanian subsidiary again exceeded the amount permanently invested by it in foreign operations. These uninvested funds have been retained for future permanent investment. The policy of the Company is to include such uninvested earnings in consolidated income only after making full provision for U. S. income taxes. When, and to the extent, such funds may subsequently be permanently invested, U. S. income taxes previously provided will be restored to consolidated income in the year such investment is made.

Research, Engineering and Product Development

Every year science and technology play increasingly important roles in each of the Divisions of the Company. This is manifested in the form of continued product improvement and new product development, diversification and extension of research interests in support of such developments, and enhanced precision of control over manufacturing operations.

As the range of products, described in the divisional reports of this and previous annual reports, continues to broaden, new sciences and technologies are called into play throughout the Company's research, development and production facilities.

In all of the divisional research and engineering laboratories and the Company's central research facilities, the range and power of scientific skills available are expanding to meet the demands laid upon them. Rewards for this expanding scientific effort are already at hand. The advent of the first coated razor blade — the Gillette Super Blue Blade — marked a milestone in the Company's scientific history. Our research also led to the introduction of the Gillette Stainless Steel

Blade, the finest combination of shave quality and durability to be found in razor blades.

Within other Divisions, the story is the same. In Toni, continuation of basic researches on the physics and chemistry of hair led to the development of such new products as Smooth 'n Sleek, Bobbi Roller Perm and Sofstyle, the revolutionary hair straightening process now in test markets.

Integration of the total Company research and development effort is constantly improved by meetings at all levels. Regular coordination through the Committee of Research Directors is augmented by internal transfers and temporary exchange of personnel wherever the needs of one Division can be met by the capabilities available in another.

Flexibility of effort and approach, together with a unique combination of talents in a wide variety of scientific disciplines, will continue to maintain the positions of outstanding leadership held by the Company in its many fields of interest and will further our quest for new and rewarding products of the future.

Personnel Changes

Willis C. Cooper, after 39 years of devoted service with Gillette Industries Limited, retired from his duties as Chairman of that company in April 1963.

Arnold J. Claisse, Manufacturing Director, Reading, for Gillette Industries Limited, retired from this position in December 1963, for reasons of health. Mr. Claisse's long and valued association with the Company began in 1930. He is succeeded by George H. J. Robinson.

Paul M. Cuenin, formerly Vice President, Marketing Research, of Gillette Safety Razor Company (U. S.), was elected Director in Charge, Gillette Surgical, a division of Gillette Industries Limited, in November 1963.

Martin Gaertner, General Manager of Gillette Roth-Büchner, Germany, retired in September 1963, having served the Company loyally since 1924 in many positions of responsibility. Bernd Burgemeister has been appointed General Manager to succeed Mr. Gaertner.

In September 1963 Robert J. Sullivan, formerly Deputy General Manager of Gillette (Australia) Pty. Ltd., was appointed General Manager to fill the vacancy created by the death of Frederick V. Webster, whose dedicated service to the company started in 1924.

Facts About Your Company

Q. What is the breakdown of sales and profits between the various classes of products of the Company?

A. Gillette is engaged in a variety of highly competitive businesses and, therefore, prefers not to disclose specific figures on the sales and profits of its various products. However, generally speaking, during the last 3 years sales of Gillette, Toni and Paper Mate products have averaged approximately 71%, 23% and 6% respectively, of total consolidated net sales of the Company. The proportionate contribution of the Toni and Paper Mate lines to the Company's net profit before taxes during this period was somewhat lower than their contributions to net sales.

Q. How does The Gillette Company compare with other leading companies with respect to sales and profits?

A. Fortune Magazine's survey of the 500 largest U. S. industrial corporations, published in July, 1963, placed Gillette as 191st in sales. The Company ranked 57th in profits and 4th in profit as a percentage of sales.

Q. How many Gillette stockholders are there and how many are women?

A. On December 31, 1963 there were 71,867 stockholders holding 28,288,676 shares residing in every state and territory of the United States as well as in 40 foreign countries. Of these, 23,370 were women stockholders of record holding 7,046,598 shares.

Q. How much stock is owned by officers and directors of the Company?

A. In 1963 the officers and directors, as a group, held 224,372 shares, or .8% of the outstanding stock.

Q. How many employees does the Company have compared with last year?

A. The company has approximately 12,750 employees of whom 4,720 are employed in the United States and 8,030 in foreign countries. This compares with 11,510 employees a year ago.

Q. How much does the Company plan to spend on advertising in 1964 compared with 1963?

A. Gillette in 1963 spent throughout the world approximately \$50,100,000, or 17% of its net sales. It is expected that this expenditure will be increased as necessary to help maintain Gillette's traditionally strong position in all the markets in which it competes. The level of this expense incurred in the United States, where the cost of advertising is higher than in most foreign countries, is higher in relation to sales than abroad.

Q. What kind of lawsuits are pending against the Company at the present time?

A. There are no legal proceedings pending or threatened against the Company other than such matters as are incidental to the kind of business conducted by the Company.

Q. What are the Company's plans for future expansion and diversification?

A. We continue to be alert for any interesting opportunities for expansion and our relatively strong cash reserve position enables us to consider a broader range of prospects. Meanwhile our operating divisions are judiciously expanding our existing product lines.

Q. Why didn't Gillette bring out its stainless steel blade earlier than it did?

A. It was Gillette's own research which resulted in the discoveries that adherent coatings of certain materials on the cutting edges of razor blades, made either of carbon steel or of stainless steel, materially improved the shaving qualities of those blades. When we first developed the treated Super Blue Blade several years ago, we realized that this would open opportunities for further improvements in blades, not only to ourselves, but also to our competitors as soon as we marketed that product. We, therefore, put additional emphasis on our continuing research and development work.

It is true that Gillette was not first in the market with a treated stainless steel blade. We have always felt strongly that our position as the leading razor blade manufacturer demanded that we not market any new blade under the Gillette name until we had the production facilities, processes and controls which would ensure that the new blade would have the uniformly high quality the public has come to expect from our products and would be available in the quantities the public desired. We are firmly convinced that the time taken to achieve these objectives has been well spent and has enhanced the long-run strength of the Company. Consumer reaction thus far has borne out this conviction.

Q. Is the stainless steel blade the ultimate step in blademaking?

A. We have never felt that the coated-edge stainless steel blade cannot be improved upon and are constantly exploring new materials and processes for producing a better edge than we or anyone else can make today. The future, we are sure, will bring improvements in blademaking as dramatic as any we have seen thus far.

Q. What share of the market will stainless steel blades ultimately occupy? What will be the effect on future earnings?

A. It is still too early to predict with any assurance the eventual share of market for stainless steel blades either in the United States or abroad, or the precise effect on our future earnings.

We are, however, certain that we will occupy a position of leadership in this market. All things considered, including the longer life and higher price of stainless steel blades and the cost of manufacturing, we look forward to an entirely satisfactory contribution to earnings from our new blade.

Q. How many shaves can one expect from a Gillette Stainless Steel Blade?

A. As our advertising points out, because every face and beard is different, only the shaver himself can tell how many shaves he will get. However, we have made a money-back guarantee that the Gillette Stainless Steel Blade will provide "more superbly comfortable shaves per blade than you get with any other blade."

Q. How many blades does Gillette make each year throughout the world?

A. In its 12 blade factories in North and South America, Europe and Australia, Gillette makes over six billion blades each year.

Q. What is the present status of Toni's hair straightener product?

A. This product and five related hair care products, under the name Sofstyle, are now being test marketed in several areas to beauty shops specializing in hair care for Negroes.

Although it is too soon to predict whether this product will go into national distribution, consumer response in these test areas is very encouraging.

Q. What seems to be the future for the hospital supply business?

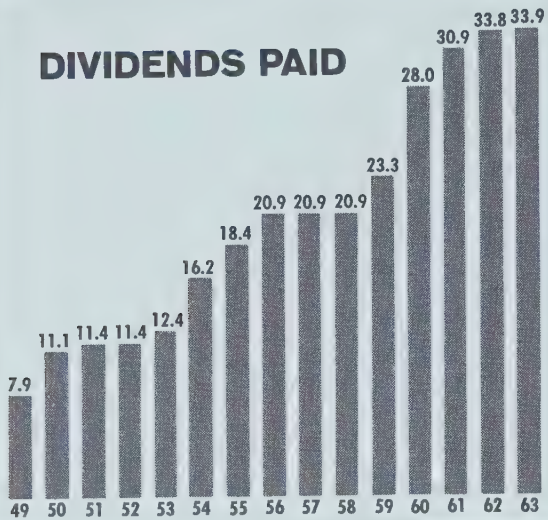
A. We expect that the future growth of the hospital supply business will closely parallel the widely recognized growth potential of the hospital field itself. We feel that this offers a good opportunity to companies such as ours that have the available skills in high quality precision mass production methods and allied abilities in product design, development and engineering.

THE GILLETTE COMPANY

A GRAPHIC ACCOUNT OF 15 YEARS' GROWTH

(all figures in millions of dollars)

DIVIDENDS PAID



90.8

25.9

1949

50

51

52

53

54

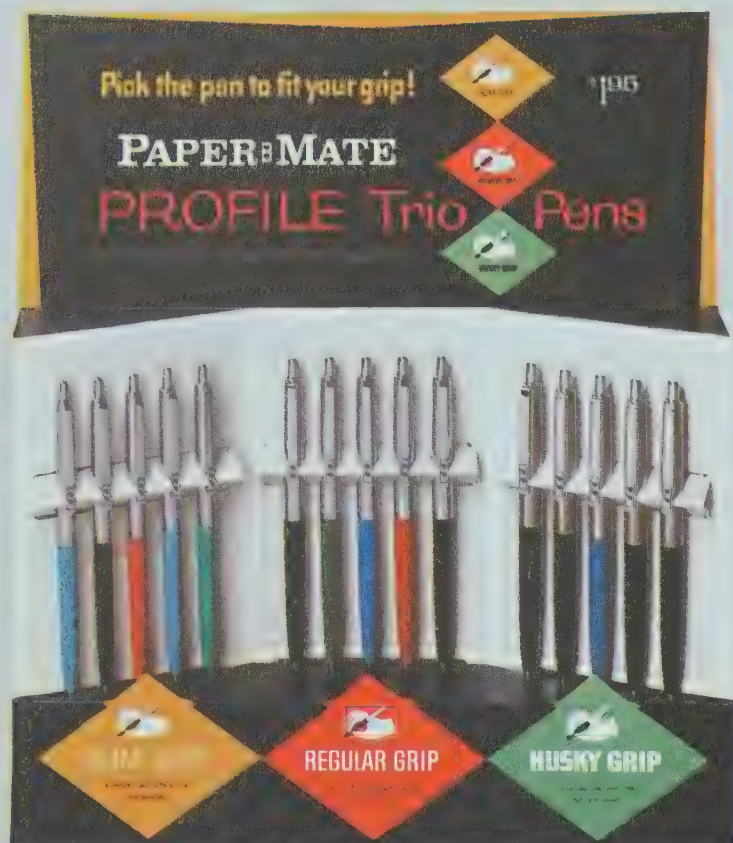
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PAPER MATE'S PROFILE TRIO PENS FOR 1964



The new Paper Mate line of Profile Trio Pens, introduced early this year, enables the consumer to choose a pen with a slim, regular or husky grip to suit his own preference. The new pen sells for \$1.95 and is seen on retail counters in the attention-getting display shown to the left.

Supplementary Information

Dividends

The established policy of the Company is to distribute to its stockholders in dividends the largest proportion of its earnings consistent with maintaining the Company in a strong financial position in order to be able to take advantage of opportunities to further improve its facilities and broaden its line of products. During 1963 the Company distributed \$33,908,000 of current earnings as dividends to its stockholders. In addition to maintaining the regular dividend rate of \$1.10 per share, the Board of Directors on October 17, 1963 declared an extra dividend of \$.10 per share, bringing the total dividends declared in 1963 to \$1.20 per share. The following dividends were paid:

| | <i>Date Declared</i> | <i>Date Paid</i> | <i>Amount Per Share</i> |
|-------------------------------|--------------------------|----------------------|-----------------------------|
| Quarterly | Dec. 20, 1962 | Mar. 5, 1963 | \$.27½ |
| Quarterly | Apr. 18, 1963 | June 5, 1963 | .27½ |
| Quarterly | July 18, 1963 | Sept. 5, 1963 | .27½ |
| Quarterly and extra | Oct. 17, 1963 | Dec. 5, 1963 | .37½ |
| | | | <u>\$1.20</u> |

Fifteen-Year Record

Over the last fifteen years, dividends declared on the Company's stock have aggregated \$306,092,000, or 73% of net earnings of the Company during this period. The \$111,814,000 of earnings retained in the business during the same period, in addition to providing funds for investment in The Toni Company, the Paper Mate Companies, Harris Research Laboratories, Inc., and the Sterilon Corporation, have enabled us to continue our program of plant expansion and improvement, to extend our research and development projects and, at the same time, to maintain the strong working capital position essential to the conduct of our rapidly expanding business. The only permanent new financing during this period was \$11,759,000 received in the last ten years from the issue of stock to executives under the Company's Stock Option Plans.

The Company's Earnings Retained in the Business has increased during this fifteen-year period from \$25,905,000 to \$95,854,000, despite (1) write-offs of goodwill aggregating \$24,499,000, resulting primarily from the acquisition of The Toni Company and the Paper Mate Companies, (2) charges amounting to \$4,496,000 in connection with the pooling of interests with Sterilon Corporation and (3) transfers of \$14,519,000 to the Company's common stock account as a result of stock splits.

The following table (without adjustment for changes in companies included from time to time in the consolidation) indicates the growth in the Company's business over the past fifteen years:

| <i>Year</i> | <i>Net Sales</i> | <i>Net Income</i> | <i>Dividends charged to Earnings Retained</i> | <i>Increase or (decrease) in Earnings Retained</i> | <i>Ratio of net sales to working capital</i> |
|---------------------------------|------------------|-------------------|---|--|--|
| 1949 | \$ 90,795,000 | \$13,918,000 | \$ 8,401,000 | (\$3,895,000)* | 4.2 to 1 |
| 1950 | 99,346,000 | 16,630,000 | 9,895,000 | 3,257,000*‡ | 3.6 to 1 |
| 1951 | 102,723,000 | 15,739,000 | 11,395,000 | 4,026,000* | 3.0 to 1 |
| 1952 | 120,485,000 | 14,713,000 | 11,393,000 | 1,195,000* | 3.4 to 1 |
| 1953 | 140,839,000 | 18,832,000 | 12,897,000 | 5,452,000* | 4.0 to 1 |
| 1954 | 162,189,000 | 26,138,000 | 16,833,000 | 7,759,000 | 3.6 to 1 |
| 1955 | 176,929,000 | 29,031,000 | 19,625,000 | 8,162,000*‡ | 3.9 to 1 |
| 1956 | 200,715,000 | 31,544,000 | 20,871,000 | 7,856,000* | 4.4 to 1 |
| 1957 | 194,929,000 | 25,941,000 | 20,879,000 | 2,434,000* | 4.1 to 1 |
| 1958 | 193,865,000 | 27,565,000 | 20,882,000 | 4,712,000* | 3.6 to 1 |
| 1959 | 209,277,000 | 31,152,000 | 24,450,000 | 6,702,000 | 3.5 to 1 |
| 1960 | 224,737,000 | 37,123,000 | 28,025,000 | 9,098,000 | 3.5 to 1 |
| 1961 | 253,502,000 | 42,761,000 | 32,807,000 | (1,975,000)‡ | 3.9 to 1 |
| 1962 | 276,159,000 | 45,274,000 | 33,813,000 | 6,965,000* | 5.2 to 1 |
| 1963 | 295,700,000 | 41,545,000 | 33,926,000 | 7,619,000 | 5.7 to 1 |
| Fifteen-year-averages | 182,813,000 | 27,860,000 | 20,406,000 | 4,624,000 | 4.0 to 1 |

*After goodwill write-offs and pooling of interest charges.

‡After transfers for stock splits.

Stockholders

On December 31, 1963, there were 71,867 Gillette stockholders residing in every state and territory of the United States as well as in 40 foreign countries. Of these, 44,275 held 100 shares or less; 23,282 held between 100 and 1,000 shares; and 4,310 held 1,000 or more shares. Since the announcement of the stock split in September 1961, there has been an increase of approximately 75% in the number of stockholders.

Retirement Plan

The Company and its principal domestic subsidiaries have in effect a non-contributory retirement income plan. The aggregate market value of securities held by the Trustee under the Plan at December 31, 1963, was in excess of the actuarial liability, including past service costs, as determined by independent actuaries as of September 30, 1963. Various pension and retirement plans are in effect for certain subsidiaries operating in foreign countries.

Employees' Savings Plan

On January 1, 1964, there were approximately 3,100 employees, or 87% of those eligible, participating in the Employees' Savings Plan and 62% of such employees were saving at the maximum rate of 8%. During 1963, the amount of Company contributions to the Plan was \$775,000. As at December 31, 1963, the Trustee under the Plan held approximately 170,000 shares of Company stock.

Stock Option Plans

Under the Company's Stock Option Plans, options for 95,000 shares were granted during 1963 to key employees, including one officer, at not less than 95% of the market value of the stock on the day the options were granted. Options for 56,438 shares were exercised and options representing 65,000 shares were cancelled.

The \$908,000 added to Additional Paid-In-Capital during the year represents the excess of the option price over the aggregate par value of the stock issued during 1963 (see page 30).

For further details on options see page 31, note 3 of Notes to Financial Statements.

Additions to Plant

The Company continued its major expansion and modernization program. The largest portion of increased investment in property, plant and equipment has been in the facilities in the United States, United Kingdom and Germany. Continued emphasis on installation of the latest technological improvements in blade production around the world and provision for facilities for expanding new product areas has created a need for a sustained high level of capital expenditures. Additions to fixed assets over the next three years are now estimated to exceed depreciation by about \$12,000,000.



Gillette's New Blade Manufacturing Plant

The multi-million dollar addition to Gillette Safety Razor Company's Boston factory group, into which all its blade operations have been moved, contains numerous manufacturing and processing improvements. These permit the most efficient possible production of stainless and carbon steel blades in enormous quantities and to the highest standards of quality. This photo shows just the packaging section of the big plant, the over-all length of which exceeds 1,000 feet. Shown prominently is an automatic device that represents a significant advance in the field of product collation and packaging. At the far end of the scene is the entrance to the other half of the building, which houses the various preceding blade operations.

Source and Application of Funds

The information set forth below indicates, for the Company and its subsidiaries on a consolidated basis, the sources of working capital funds, and the application of these funds in the years 1962 and 1963.

| | 1963 | 1962 |
|---|---------------------|---------------------|
| SOURCE OF WORKING CAPITAL: | | |
| Net income as reported | \$41,545,000 | \$45,274,000 |
| Depreciation | 6,423,000 | 5,023,000 |
| Issuance of common stock under stock option plans . | 1,133,000 | 1,185,000 |
| | <u>49,101,000</u> | <u>51,482,000</u> |
| APPLICATION OF WORKING CAPITAL: | | |
| Dividends on common stock | 33,908,000 | 33,794,000 |
| Additions to fixed assets | 15,785,000 | 21,933,000 |
| Treasury stock transactions — net (including shares exchanged for Sterilon assets in 1962) | (341,000) | 5,918,000 |
| Other items — net | 1,165,000 | 2,173,000 |
| | <u>50,517,000</u> | <u>63,818,000</u> |
| INCREASE (DECREASE) IN WORKING CAPITAL | (1,416,000)* | (12,336,000) |
| WORKING CAPITAL AT BEGINNING OF YEAR | 52,913,000 | 65,249,000 |
| WORKING CAPITAL AT END OF YEAR | <u>\$51,497,000</u> | <u>\$52,913,000</u> |

*SUMMARY OF CHANGES IN WORKING CAPITAL DURING 1963:

| | Working Capital Increase (Decrease) | Dec. 31, 1963 | Dec. 31, 1962 |
|------------------------------------|---|----------------------|----------------------|
| Cash and securities | \$(3,786,000) | \$ 29,332,000 | \$ 33,118,000 |
| Receivables | 3,648,000 | 29,591,000 | 25,943,000 |
| Inventories | 3,560,000 | 45,483,000 | 41,923,000 |
| Total Current Assets | 3,422,000 | 104,406,000 | 100,984,000 |
| Less current liabilities | (4,838,000) | 52,909,000 | 48,071,000 |
| Net working capital | <u>\$(1,416,000)</u> | <u>\$ 51,497,000</u> | <u>\$ 52,913,000</u> |

PEAT, MARWICK, MITCHELL & Co.

ACCOUNTANTS AND AUDITORS

JOHN HANCOCK BUILDING

BOSTON 16, MASS.

The Stockholders and Board of Directors

The Gillette Company:

We have examined the consolidated balance sheet of The Gillette Company and subsidiary companies as of December 31, 1963 and the related statements of income and earnings retained in the business, and additional paid-in capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the consolidated financial position of The Gillette Company and subsidiary companies at December 31, 1963 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change, which we approve, relating to foreign earnings explained in note 1 to financial statements.

Peat, Marwick, Mitchell & Co.

February 10, 1964

The Gillette Company and Subsidiary Companies

**CONSOLIDATED STATEMENT OF INCOME AND
EARNINGS RETAINED IN THE BUSINESS**

YEAR ENDED DECEMBER 31, 1963

| | | |
|---|------------------|----------------------|
| Net sales | | \$295,700,000 |
| Cost of sales | | <u>88,148,000</u> |
| Gross profit | | 207,552,000 |
| Operating expenses | \$115,813,000 | |
| Depreciation | <u>6,423,000</u> | <u>122,236,000</u> |
| Profit from operations | | 85,316,000 |
| Other income — net (including income from investments of \$1,369,000 and exchange losses of \$423,000) | | <u>629,000</u> |
| | | 85,945,000 |
| Estimated United States and foreign income taxes | | <u>44,400,000</u> |
| Net income | | 41,545,000 |
| Earnings retained in the business at December 31, 1962 (note 1) | | <u>88,235,000</u> |
| | | 129,780,000 |
| Deduct: | | |
| Dividends declared, \$1.20 per share | | <u>33,926,000</u> |
| Earnings retained in the business at December 31, 1963 | | <u>\$ 95,854,000</u> |

See accompanying Notes to Financial Statements

CONSOLIDATED BALANCE SHEET

ASSETS

Assets in the United States and Canada:

CURRENT ASSETS:

| | | |
|---|-------------------|-------------------|
| Cash | | \$ 12,839,000 |
| United States Government and other marketable securities at cost (market value \$36,586,000) . . . | \$36,614,000 | |
| Less amount allocated against Federal taxes . . . | <u>24,400,000</u> | 12,214,000 |
| Notes and accounts receivable, less allowance for doubtful receivables | | 16,058,000 |
| Inventories at the lower of cost or market value . . . | | <u>24,804,000</u> |
| TOTAL CURRENT ASSETS | | 65,915,000 |
| DUE FROM EMPLOYEES under stock purchase and stock option plans (secured by common stock of the Company, market value \$2,027,000) | | 680,000 |
| PROPERTY, PLANT and EQUIPMENT — less accumulated depreciation of \$12,615,000 | | 30,813,000 |
| PREPAID EXPENSES AND OTHER ASSETS | | 1,736,000 |
| GOODWILL, PATENTS AND TRADEMARKS | | <u>334,000</u> |
| | | 99,478,000 |

Assets and Related Liabilities in Foreign Countries Other than Canada:

| | | |
|---|-------------------|----------------------|
| Current assets | \$38,491,000 | |
| Current liabilities | <u>26,041,000</u> | 12,450,000 |
| Fixed assets — net | | 38,938,000 |
| Other assets | | <u>2,077,000</u> |
| | | 53,465,000 |
| Accrued foreign income taxes payable after one year . . . | <u>4,157,000</u> | <u>49,308,000</u> |
| TOTAL | | <u>\$148,786,000</u> |

DECEMBER 31, 1963

LIABILITIES

Liabilities in the United States and Canada:

CURRENT LIABILITIES:

| | |
|--|---------------|
| Accounts payable | \$ 6,569,000 |
| Accrued liabilities | 12,520,000 |
| Dividends payable | 7,779,000 |
| Estimated Federal income taxes (note 2) | \$ 24,400,000 |
| Less obligations of the U. S. Government | 24,400,000 |
| TOTAL CURRENT LIABILITIES | 26,868,000 |

Stockholders' Equity:

COMMON STOCK, par value \$1.00 per share:

Authorized 33,375,228 shares (note 3)

Issued 28,423,725 shares 28,424,000

ADDITIONAL PAID-IN CAPITAL 1,216,000

EARNINGS RETAINED IN THE BUSINESS 95,854,000
125,494,000

Less 135,049 shares held in the treasury at
cost (note 3) 3,576,000 121,918,000
TOTAL \$148,786,000

See accompanying Notes to Financial Statements

The Gillette Company and Subsidiary Companies

ADDITIONAL PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 1963

| | |
|---|---------------------------|
| Amount at December 31, 1962 | \$ 316,000 |
| Add amounts arising from issue of common stock under stock option plans . | 908,000 |
| | <u>1,224,000</u> |
| Deduct net loss on sales of treasury stock | 8,000 |
| | <u>8,000</u> |
| Amount at December 31, 1963 | <u><u>\$1,216,000</u></u> |

Notes to Financial Statements

1. All subsidiaries of the Company are included in the consolidated financial statements. The accounts of foreign subsidiaries have been converted at appropriate U. S. dollar equivalents on a basis consistent with prior years.

In 1963 foreign earnings have been completely consolidated, whereas in prior years such earnings were included in net income only to the extent realized in U. S. dollars and in addition, in certain instances, retained abroad for permanent investment. This change has not had any material effect on 1963 net income or its comparability with prior years. Had 1963 net income been reported on a basis consistent with prior years, it would have been \$8,000 greater.

The Company has continued its policy of including full provision for U. S. income taxes on unremitted foreign earnings to the extent that these funds have not yet been permanently invested.

The unrealized foreign earnings excluded from net income in years prior to 1963 aggregated \$582,000 and were accumulated and shown separately in the Balance Sheet as "Earnings Retained in Foreign Businesses of Subsidiary Companies." In connection with the change to the complete consolidation referred to above, this separation was discontinued as of January 1, 1963.

2. Federal income tax returns have been examined through the year 1959 and final settlement made. In the opinion of management, adequate provision has been made for all Federal income tax liabilities.
3. At December 31, 1963, a total of 1,140,619 unissued shares of common stock were reserved for issuance to key executives under the Company's Stock Option Plans. At December 31, 1962, a total of 1,197,057 unissued shares were so reserved.

Changes during 1963 in the number of unissued shares reserved for options not yet exercised are summarized below:

| | <i>Number of Shares</i> | <i>Option Price Range Per Share</i> |
|---|-----------------------------|---|
| Options granted but not exercised at January 1, 1963 | 556,956 | \$15.17–\$46.50 |
| Add: Options granted | 95,000 | 32.25– 46.50 |
| | <u>651,956</u> | |
| Deduct: Options exercised | 56,438 | 15.17– 27.75 |
| Options cancelled | 65,000 | 18.42– 46.50 |
| | <u>121,438</u> | |
| Options granted but not exercised at December 31, 1963 | <u>530,518</u> | 16.33– 46.50 |

In addition to the options referred to above, 102,500 issued shares of the Company held in the treasury were reserved at December 31, 1962, for special options granted during 1960 to citizens of the United Kingdom who were officers or key employees of the Company. These options were granted at a price of \$26.00 a share (adjusted for the three-for-one stock split effected November 24, 1961). During 1963 special options for 6,495 shares were exercised, leaving a balance of 96,005 treasury shares so reserved.

The Gillette Company and Subsidiary Companies

**STATEMENT OF GEOGRAPHICAL DISTRIBUTION
OF CONSOLIDATED NET ASSETS**

DECEMBER 31, 1963

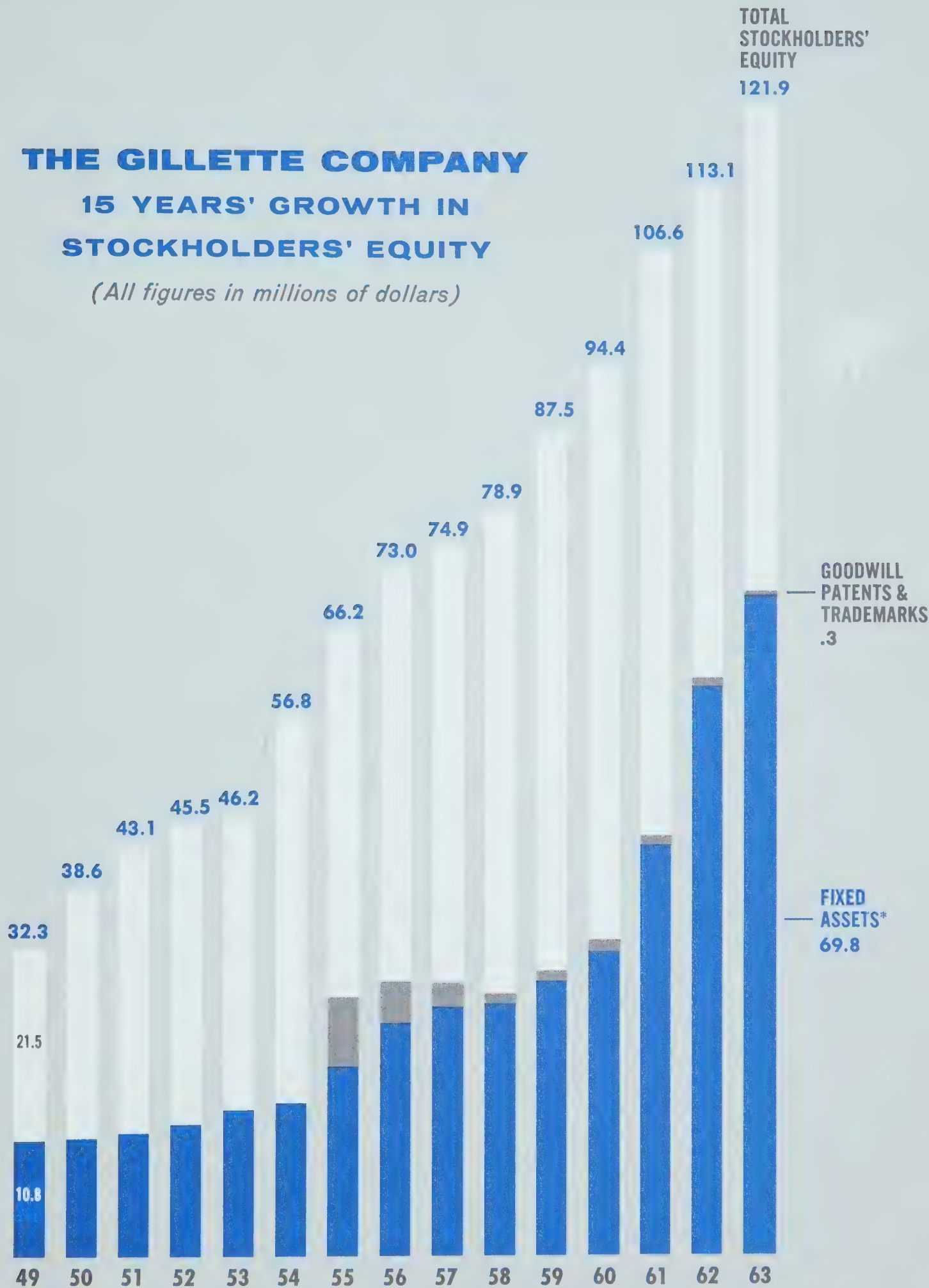
| | <i>United States and Canada</i> | <i>Latin America</i> | <i>U. K. and Western Europe</i> | <i>Africa, Oceania and Far East</i> | <i>Total</i> |
|--|---|--------------------------|---|---|--------------------|
| Current assets: | | | | | |
| Cash and securities . . . | \$25,053,000 | 1,342,000 | 2,596,000 | 341,000 | 29,332,000 |
| Receivables | 16,058,000 | 4,525,000 | 8,245,000 | 763,000 | 29,591,000 |
| Inventories | 24,804,000 | 4,826,000 | 13,814,000 | 2,039,000 | 45,483,000 |
| | <u>65,915,000</u> | <u>10,693,000</u> | <u>24,655,000</u> | <u>3,143,000</u> | <u>104,406,000</u> |
| Current liabilities . . . | <u>26,868,000</u> | <u>7,071,000</u> | <u>17,553,000</u> | <u>1,417,000</u> | <u>52,909,000</u> |
| Net working capital . . . | 39,047,000 | 3,622,000 | 7,102,000 | 1,726,000 | 51,497,000 |
| Fixed assets — net . . . | 30,813,000 | 5,562,000 | 30,822,000 | 2,554,000 | 69,751,000 |
| Goodwill, trademarks and patents | 334,000 | — | — | — | 334,000 |
| Other assets | <u>2,416,000</u> | <u>820,000</u> | <u>1,156,000</u> | <u>101,000</u> | <u>4,493,000</u> |
| | <u>72,610,000</u> | <u>10,004,000</u> | <u>39,080,000</u> | <u>4,381,000</u> | <u>126,075,000</u> |
| Noncurrent liabilities: | | | | | |
| Accrued foreign income taxes payable after one year | <u>—</u> | <u>—</u> | <u>4,003,000</u> | <u>154,000</u> | <u>4,157,000</u> |
| Net assets which correspond to stockholders' equity shown in the consolidated balance sheet | <u>\$72,610,000*</u> | <u>10,004,000</u> | <u>35,077,000</u> | <u>4,227,000</u> | <u>121,918,000</u> |

*Of this amount approximately 4% is represented by Canada.

THE GILLETTE COMPANY

15 YEARS' GROWTH IN STOCKHOLDERS' EQUITY

(All figures in millions of dollars)



*INCLUDES INVESTMENT IN SUBSIDIARIES NOT CONSOLIDATED IN YEARS 1949 THROUGH 1952

COMPARATIVE STATISTICS AS

| <i>Year</i> | <i>Profit from operations (including other income)</i> | <i>Depreciation</i> | <i>Net income before taxes</i> |
|----------------|--|---------------------|--|
| 1949 | \$27,275,000 | \$1,332,000 | \$25,943,000 |
| 1950 | 34,358,000 | 1,068,000 | 33,290,000 |
| 1951 | 33,596,000 | 1,214,000 | 32,382,000 |
| 1952 | 35,203,000 | 1,305,000 | 33,898,000 |
| 1953 | 48,012,000 | 1,670,000 | 46,342,000 |
| 1954 | 56,479,000 | 1,824,000 | 54,655,000 |
| 1955 | 59,276,000 | 2,045,000 | 57,231,000 |
| 1956 | 64,688,000 | 2,644,000 | 62,044,000 |
| 1957 | 55,525,000 | 3,084,000 | 52,441,000 |
| 1958 | 58,553,000 | 3,188,000 | 55,365,000 |
| 1959 | 64,627,000 | 3,175,000 | 61,452,000 |
| 1960 | 79,070,000 | 3,247,000 | 75,823,000 |
| 1961 | 90,337,000 | 3,976,000 | 86,361,000 |
| 1962 | 97,697,000 | 5,023,000 | 92,674,000 |
| 1963 | 92,368,000 | 6,423,000 | 85,945,000 |

NOTES: Net income and dividends paid per share of common stock as adjusted for stock splits effective December 6, 195

and Subsidiary Companies

REPORTED IN ANNUAL REPORTS

| <i>U. S. and foreign income and excess profits taxes</i> | <i>Net income for year</i> | <i>Net income per share of common stock</i> | <i>Dividends paid per share of common stock</i> |
|--|--------------------------------|---|---|
| \$12,025,000 | \$13,918,000 | \$.52 | \$.27 |
| 16,660,000 | 16,630,000 | .64 | .41 |
| 16,643,000 | 15,739,000 | .60 | .42 |
| 19,185,000 | 14,713,000 | .56 | .42 |
| 27,510,000 | 18,832,000 | .73 | .46 |
| 28,517,000 | 26,138,000 | .92 | .58 |
| 28,200,000 | 29,031,000 | 1.04 | .67 |
| 30,500,000 | 31,544,000 | 1.13 | .75 |
| 26,500,000 | 25,941,000 | .93 | .75 |
| 27,800,000 | 27,565,000 | .99 | .75 |
| 30,300,000 | 31,152,000 | 1.11 | .83 |
| 38,700,000 | 37,123,000 | 1.33 | 1.00 |
| 43,600,000 | 42,761,000 | 1.52 | 1.10 |
| 47,400,000 | 45,274,000 | 1.60 | 1.20 |
| 44,400,000 | 41,545,000 | 1.47 | 1.20 |

e based upon the number of shares outstanding at the end of the year,
September 16, 1955, and November 24, 1961.

MANUFACTURING DIVISIONS AND SUBSIDIARIES

UNITED STATES and CANADA

Gillette Safety Razor Company (U.S.)
The Toni Company (U.S.)
Paper Mate Manufacturing Company (U.S.)
Sterilon Corporation (U.S.)
Gillette of Canada Ltd.

INTERNATIONAL DIVISION I

Gillette Industries Limited (Gillette and Toni Divisions—England)
Gillette France, S.A.
Société Française d'Appareillages et d'Instruments de Mesure, S.A. (France)
Gillette Roth-Büchner G.m.b.H. (Germany)
Lehrter Getriebebau G.m.b.H. (Germany)
Gillette (Switzerland) Ltd.

INTERNATIONAL DIVISION II

Gillette Safety Razor Company of Brazil
Gillette Safety Razor Company of South America (Argentina)
Gillette de Colombia, S.A.
Gillette de Mexico, S.A. de C.V.
Gillette (Australia) Pty. Ltd.

FOREIGN SALES SUBSIDIARIES

INTERNATIONAL DIVISION I

Gillette (Norway) A/S
Gillette (Sweden) A/B
Gillette A/S (Denmark)
Gillette (Holland) N.V.
Gillette (Belgium) S.A.
Gillette (Italy) S.p.A.
Gillette Central Africa (Private) Ltd.
Gillette South Africa (Pty.) Ltd.
Gillette (New Zealand) Ltd.

INTERNATIONAL DIVISION II

Compania Interamericana Gillette, S.A. (Panama)
Compania Gillette de Venezuela S.A.
Gillette of Puerto Rico, Inc.

OTHER SUBSIDIARIES

The Paper Mate Company
Harris Research Laboratories, Inc.
Gillette (Hong Kong) Limited

MISCELLANEOUS

Stock Exchanges:

Listed on New York, Boston, Midwest, Pacific Coast and London
Stock Exchanges.

Transfer Agents:

Old Colony Trust Company, Boston; Continental Illinois National
Bank and Trust Company of Chicago; and Chemical Bank New York
Trust Company, New York.

Registrars:

The National Shawmut Bank of Boston; American National Bank and
Trust Company of Chicago; and Bankers Trust Company, New York.

Annual Meeting of Stockholders:

Third Thursday of March at 10 a.m. at Company's Executive Offices.



PAPER MATE

THE GILLETTE COMPANY



ANNUAL REPORT 1963